

**Decree No ( ) for the Year 2007  
On Issuing the  
Articles of Association  
for the  
Palestine Investment Fund 2007**

**Chairman of Executive Committee the Palestinian  
Liberation Organization, and  
President of the Palestine National Authority,**

Having reviewed the amended Basic law for the year 2003 and its amendments;

The Presidential Decree issued on 10/01/2000 to establish a Higher Council for Development;

The Presidential Decree to accredit the Articles of Association pertaining Palestine Investment Fund issued on 14/08/2002; and

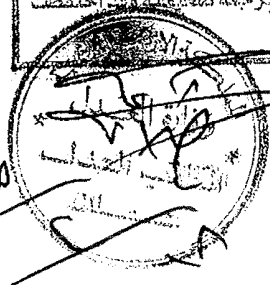
Based on the authority bestowed on me, and  
In fulfillment of the general interest,

Have decreed recitals of the herein Articles of Association of the Palestine Investment Fund for the year 2007 as per hereunder:

صمد كركي  
٩٦٤١.١٨.٩٨  
٤٤ - صا صا  
وب مسجد ام لعت  
٥٩/٥٥٦٩٥٥٩

١٨٠٣٥

في اليوم	٢٠	سنة	١٩٤٨	م	١٩٤٨
للموم	١٨	سنة	١٩٤٨	م	١٩٤٨
المترجم	صمد كركي	رئيس	لجنة	القانوني	اجاب
التي	قام	بها	من	اللغة	العربية
بالنسخة	الاصيلة	المترجمة	لدى		



## **Article (1)** **Definitions**

In the application of the provisions of this decree, the following terms and phrases shall have the meanings indicated opposite to each of them, unless otherwise indicated:

**The Company:** wherever the term "Company" is recited in the herein articles of association shall indicate and mean the Palestine Investment Fund Plc.

**Articles:** Shall mean the Articles of Association of the Palestine Investment Fund for the year 2007, and any future amendments thereof.

**Financial Notes Portfolio:** The Company owned shares liable to circulation, the conversion bonds, bonds and any other tools or financial equities.

**Affiliate Company:** Any public shared or privately shared company, which the Company owns all or not less than 51% of its capital, and under its direct or indirect supervision.

**Companies Act;** The Companies Act N<sup>o</sup> (12) for the year 1964, and its amendments; as well as the issued Bylaws thereto.

**Loan Certificate:** The particular awarding prescribed in the enacted Companies Act.

## **Article (2)** **Company Status**

1. The Company is considered an independent legal person, and is thereto under the jurisdiction of private laws which undertakes its commercial and investment endeavors accordingly.
2. The Company has an independent financial account, and thus has complete financial independence from the Palestinian National Authority ("PNA") budget, and the other different governmental agencies.
3. The Company is subject and is thereafter managed according to provisions of the herein articles, and as per provisions of the Companies Act, where the herein system has no recitals thereof.



**Article (3)**  
**Company Resources**

The Company resources are:

1. Grants, donations, local and foreign loans it attains.
2. Profits and revenues attained from the different investment activities.
3. Profits and revenues attained from the affiliate companies.

**Article (4)**  
**Company Main Offices**

The Company main offices shall be located in the city of Ramallah. The main office may be, subject to a decision by the General Assembly, transferred to a city recommended by the Board of Directors ("BOD"). The Company may establish branches in all other Palestinian cities or abroad.

**Article (5)**  
**Company Term**

The Company shall continue functioning for an unlimited duration, until which time it is liquidated as per provisions of the herein articles.

**Article (6)**  
**Company Capital**

The Company capital shall be USD 574 million divided into shares of a nominal value of USD 1, each. The shares are fully owned by the Palestinian people represented by the President of the PNA.

**Article (7)**  
**Capital Increase/Decrease**

1. Without prejudice to provisions of the Companies Act, the Company may - at the recommendation of the BOD and by decision issued by the Extraordinary General Assembly - increase the company capital if the necessary financial resources are available.
2. The Company may - at the recommendation of the BOD and by decision issued by the Extraordinary General Assembly - reduce the capital if it was in surplus or if there was a loss; and it was deemed necessary to reduce the capital to equal its assets value. The rights of debtors shall be maintained at all times.

**Article (8)**  
**Shares**

1. The Company shares are registered in the name of the Palestinian people represented by the President of the PNA.
2. The Company shares are not subject to brokerage or mortgage.
3. The BOD assumes the responsibility of maintaining the shares and all the related rights thereof.
4. No person may postulate, sell, demand the ensuing revenues, shares, and profits contrary to provisions of the herein articles.

**Article (9)**  
**Company Purposes and Objectives**

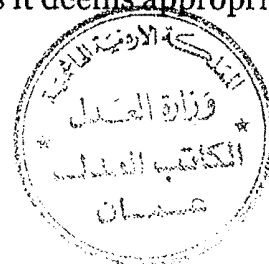
The Company undertakes all the different investment activities, and to that purpose the abovementioned activities are collateral to the private sector. Accordingly, the Company may undertake and perform in particular all or any of the hereunder activities:

1. To invest funds in the different commercial, industrial, agricultural, real estate, construction, tourism projects and services and spheres.
2. To sell, purchase and transact local and foreign shares whether on the financial markets and bourses or otherwise.

3. To establish and manage its own financial notes portfolio including shares, bonds, transferable bonds and any other financial tool or asset.
4. To obtain privileges, licenses, and permits related to managing public facilities pertaining the daily needs of citizens in areas of generating, importing and distributing electric power, natural gas and other natural resources, water; land and sea and air transport services; wireless or wired or radio or visual or any other means of communications.
5. To own, lease, accept donations of estate, construct buildings and facilities, to undertake housing projects, sell, lease, invest, modify and refurbish buildings; to renovate and maintain heritage antiquities.
6. To import, purchase, own, lease heavy equipment, machinery, tools, and other necessary tools to undertake industrial and agricultural projects, and to sell, lease or lease for purposes of sale.
7. To obtain the necessary loans from local and foreign financial institutions, and to provide the necessary guarantees for loans.
8. To import, export, and distribute all types of goods and merchandise, to attain commercial proxies, to acquire print and innovation rights, designs and trademarks, and to file it under its name and investment them thereof.
9. To establish and manage hotel institutions and tourism fields.
10. To contribute in other companies along with public or private persons or individuals.
11. To establish affiliate companies upon which it has direct and indirect financial and administrative control to undertake any of the businesses and activities stated above, to supervise, regulate and manage their accounts.
12. To undertake all or any of the said activities in person or through the affiliate companies, or the companies in which it is a shareholder.
13. To undertake any businesses or other activities of collateral, or that is necessary to achieve any of the hereinabove objectives.

14. The Company assumes the authorities which it deems necessary to achieve the objectives and purposes stated above, most of which are:

- Persecuting all types of contracts, commitments and financial affiliations.
- Mortgage any of its funds, equities, rights excluding shares that represent its capital, and to provide all personal and material guarantees.
- Issue Loan Certificates.
- Engage in tenders, public auctions and implement all the different types of contracts.
- Insure its different assets and activities against all types of hazards.
- Adversarial and litigation before courts, and arbitration entities either as a defendant or a plaintiff or as a third party, and to undertake all executive and judicial measures to the last level of litigation.
- To purchase, lease, replace, hire, acquire any estate, building, rights, privileges, licenses, machinery, equipment, commercial goods, transferable funds or the In Rem funds necessary or adequate for the company undertakings, or for any of its branches, department, or Affiliate Company.
- To request attaining privileged patents, license rights, patents, industrial licenses, privileges that may appear useful; and to purchase or own and maintain it, or extend its term or renew it whether in Palestine or in any other country; and to use, investment, and undertake businesses as per the said licenses, or to grant licenses or privileges for their use, and to agree on holding experiments and tests or seek to improve any owned privileges or inventions or rights, or intends to own.
- To invest and dispose of its unneeded funds in exchange of financial bonds, and in the manner it deems appropriate from time to time.
- To extend loans or to provide financial credit, and to guarantee debts and contracts of any individual, commercial shop, or company as per the conditions it deems appropriate.





- To engage or hold an agreement, share profits with any other company, commercial shop, or person who undertakes or intends to undertake any business within the scope of its objectives and purposes, or to unite or cooperate with the said persons; and to own, sell, transact, or dispose any shares of financial bonds owned by them, and to guarantee their contracts or commitments, and to financially assist or cooperate with them in any form.
- To persecute or reach an agreement to join in the profits of another company, commercial shop or person who undertakes or intends to undertake any business within its scope of purposes, or to unite or cooperate with such a person or entity, and to acquire, deal and transact any shares of financial bonds of the latter, and to guarantee their contracts or commitments, and to extend financial aid or cooperate in any other way thereof.
- To subscribe, take, purchase and own in any other form any shares or equities or bonds of a company which objectives, in part of fully, correspond with the objectives of the herein company, or to undertake any business that may be directly and indirectly beneficial.
- To demean in some or all of its project at once or in parts in exchange of a price it deems appropriate, particularly pertaining shares or debt bonds or financial bonds in the company which purchased the project.
- To dispense pension salaries, raises, bonuses or shares in profits to employees.
- To establish, assist, and sponsor any school or any social, scientific, literary, religious, sport or charity institute and to assist in its establishment or sponsoring it.
- To persecute agreements with any government, local authority, local entity or with any union, company or persons who are discern to assist it in fulfilling its objectives or any of them thereto, and to attain disclaims, contracts, rights, or privileges from them; and to commence as well as execute provisions of the said disclaims, contracts, rights, or privileges, and to act accordingly.

- To undertake all the said endeavors or any of them in Palestine or abroad whether in person or through agents or trustees or contracts or others individually or in conjunction with others; or through agents or sub-contractors, or without them.

**Article (10)**  
**Board of Directors (BOD)**

1. A BOD comprising of seven members, including the Chairman, assumes management of the company. The BOD members are thereto assigned by the President of the PNA according to merits of efficiency and experience.
2. A BOD member must not be an official and/or a member of another BOD and/or employee and/or a partner and/or affiliate to any other financial portfolio companies.
3. The BOD term must not exceed four years, thus expires upon appointing a new BOD.
4. The BOD shall continue duties upon expiry of its term to such time when a new BOD is appointed within not more than three (3) months of the date of expiry of the old BOD term.

**Article (11)**  
**BOD Chairman**

The President of PNA shall appoint the BOD Chairman and his Deputy.

**Article (12)**

The BOD Chairman assumes all authorities prescribed in the herein system provisions, and any other authorities by the BOD thereof. He may authorize any such authorities to the Deputy Chairman, or to any of the BOD members.





**Article (13)**  
**BOD Meetings**

1. The BOD convenes according to the written invitation of the Chairman, or at a signed request of at least three of its members submitted to the Chairman. The meetings are held at the main offices of the Company, or any other venue assigned by the Chairman. The BOD meetings may be held through Video-conference or through any other audio or visual communication mean when necessary.
2. The BOD meeting invitation is forwarded to the registered address of the member at the company inclusive of the agenda.
3. Chairman of the BOD may invite the Board to an urgent meeting as per a notice forwarded to the BOD members, seven (7) days before the meeting date to discuss urgent or important issues.
4. The BOD decisions are not legally binding unless at least half of the BOD members attend.
5. The BOD convenes periodically at least six (6) times per year.
6. The BOD Chairman heads all Board meetings. The Deputy Chairman heads the meetings in his absence.
7. Minutes of each meeting are entered into a register that includes discussions and resolutions of the BOD on which all attendees must sign.
8. The decisions are thereto issued by majority of attendees. Upon parity of votes, the Chairman vote shall be decisive.
9. The decisions may be issued in urgent situations by passing the decision among members who must endorse it, provided such decisions are issued by majority of two thirds of the BOD members, and reviewed in the first consequent session of the Board.

**Article (14)**  
**Membership Vacancy**

A member position or Chairman positions are considered vacant in the following conditions:



1. If the member or Chairman resigned as per an accepted letter of resignation submitted to the President of PNA. The resignation is thereto considered effective as of date of accepting it.
2. If the member or Chairman failed to attend the BOD meetings for six (6) consecutive months, even with a justified excuse, or that the member or Chairman failed to attend four consecutive meetings of the BOD without a justified excuse.
3. If the member or Chairman was declared bankrupt or lost legal qualification.
4. If the member or Chairman was convicted of a crime or misdemeanor of honor, theft, or dishonesty, fraud, general bankruptcy, or perjury.
5. If the PNA President decided to relief him of the entrusted duties.

#### **Article (15)** **BOD Authority**

The BOD is considered the highest prevailing authority in the Company that is charged with managing its affairs. The BOD is entitled to adopt any decision it deems adequate to serve the Company interests and in fulfillment of its objectives for which it was established, most importantly are:

1. Approves the Company estimated budget.
2. Approves the annual general budget and final accounts.
3. Drafts and approves short, medium and long-term investment plans.
4. Drafts and approves all internal systems pertaining regulating the company performance and administrative structure, in a manner that does not contradict the herein Company system provisions.
5. Reviews periodical report pertaining progress of work at the company, its financials and the different activities, in addition to assessing its performance.
6. Manages the Company financial notes portfolio.
7. Approves the purchase of companies' shares or sale, or deal, or contribute in the capitals of shareholding companies.
8. Approves engagement in any financial, real estate, industrial, commercial or other investments.

9. Approves borrowing and lending agreements, in addition to the guarantees stipulated to that end.
10. Establishes and creates affiliate companies, and to approve the plans as well as the objectives of each, and to supervise their management thereto.
11. Appoints Company representatives at the Boards of affiliate companies or any other companies in which the Company is a shareholder.
12. Recommends electing the Company auditors for the following year.
13. Any other resolutions required to achieve the Company objectives and purposes, and to implement provisions of the herein system.

#### **Article (16) Committees**

1. The BOD may form, from its members, committees that are commissioned to undertake some of its tasks.
2. The BOD may form committees, comprising specialized and experienced persons, in financial or for investment, or administrative or legal affairs to study and assess the investment projects and activities, which the BOD intends to endeavor, and to submit recommendations to that end to the BOD.
3. The BOD may invite of the above stated committees, paragraph (2), to attend the BOD meetings.

#### **Article (17) Conflict of Interest**

1. BOD members are not permitted to discuss and/or display and/or vote on any matter of direct or indirect personal interest pertaining the projects or contracts, which the Company intends whether at a BOD meeting or at meetings of the sub-committees ensuing from the BOD. Such members must leave the meeting venue upon discussion of such matters.



2. The interest is regarded as indirect, for purposes of this article, if related to assets and/or branches and/or spouse of the BOD member, and/or related to any second degree relative, and/or related to a business partner, and/or related to any other person on whom they may practice authority.
3. General contracts pending bids using the closed envelop method, or submitted for auction are exempted from provisions of this Article, provided the concerned member does not take part in the deliberations or approval thereof, and that the submitted prices in that regard are the best possible.

#### **Article (18)** **Resolutions Register**

1. All BOD decisions are entered into a special register which is duly signed by the Chairman and attending BOD members, hence is kept at the Company main office.
2. The said resolutions and minutes of meetings are thereto regarded official documents that may not be published, viewed by others without the written authorization of the BOD Chairman.

#### **Article (19)** **Bonuses of BOD Members and Chairman**

The BOD Chairman and members are entitled to remunerations for all expenses incurred in the course of undertaking businesses or activities related to the Company objectives, including transport expenses to the BOD meetings.

#### **Article (20)** **Chief Executive Officer ("CEO")**

1. The Company CEO shall be appointed and relieved of his duties as per decision by the President of PNA.
2. The CEO salary and privileges are determined by a resolution from the BOD and at the approval of the President of PNA.
3. CEO either may be a BOD member or a non-member of the BOD.

**Article (21)**  
**CEO Authority**

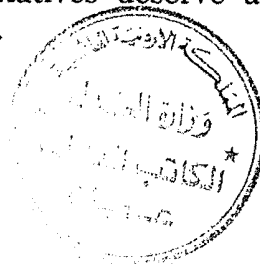
1. The CEO represents the Company before the judiciary and for purposes of the Company contacting with others. The CEO authorities are:

1. Implement the BOD resolutions .
2. File lawsuits in the name of the Company, and reply to all lawsuits filed against the Company; appoint solicitors and/or deposing them internally and externally.
3. Draft periodical reports pertaining the Company activities and performance, methods of development and to submit such report to the BOD for review and ratification.
4. Supervise the managerial structure of the Company, appoint staff, experts, specialists, prescribe terms and conditions of appointment and ending their services.
5. Attend to the daily and ordinary affairs of the Company.
6. Draft the estimated budget of the Company.
7. Draft executive plans to develop investments, control provisions or administrations, and the financial accountancy system of the Company.
8. Ration the financial policy of the Company to develop and manage the necessary resources to finance current and investment operations in terms of local and foreign currencies.
9. Implement investment project approved by the BOD, follow up implementation of such projects to ensure completion.
10. Draft investment cost systems of all activities undertaken by the Company.
11. Achieve resources and expenditure estimates in the estimated budget, and work toward developing resources and reducing expenditures.
12. Draft the organizational structure and the employment structure of the managerial system of the Company in light of the controls stipulated by the BOD.
13. Assess performance of the affiliate companies, and to monitor their activities, and to submit periodical reports pertaining their different activities to the BOD.

**Article (22)**  
**Establishing Affiliate Companies & Supervision**

Without detriment to the authorities of each affiliate company BOD in which the Company is a shareholder of all its capital, or in at least 51% of its capital, the Company BOD drafts the rules and principles by which all affiliate companies should abide, particularly upon undertaking the hereunder:

1. Approve the plans and general objectives of each affiliate company.
2. Draft financial standards and rules for accountancy and administrative accountability to be implemented.
3. Coordinate amongst themselves to achieve the highest level of horizontal and vertical integration.
4. Analyze and study the financial outcomes achieved by the Company.
5. Study and assess the drafted investment proposals, and ensure availability of necessary funds to finance the intended projects.
6. Extend loans and guarantee loans of the affiliate companies pertaining bank and financial institutions loans.
7. Study and assess achievements of currently implemented investments.
8. Assist the affiliate companies in drafting programs to improve performance and follow up its implementation.
9. Assist the affiliate companies in addressing problems affecting production and profitability.
10. Review feasibility of foreign experts contracts related to transfer of technology and its applications.
11. Coordinate the employment of workers amongst them.
12. Analyze, assess and review external purchases, and improve purchase conditions, encourage dependence on local resources to meet such requirements.
13. Inspect and monitor in the field especially in important cases that threaten its presence, and to form fact-finding committees when necessary in light of the periodical reports or inspection reports.
14. Determine what the Company representatives deserve at the affiliate companies Boards or incentives if any.





15. To quadrate the Company conditions according to provisions of this system.

**Article (23)**  
**Affiliate Companies Boards**

1. The Company must be represented at the BOD of an affiliate company as per the number of shares it holds to the capital.
2. Representatives of the Company at the BOD of affiliate companies are appointed by the Company BOD, and are subject to its directives and instructions.
3. The Company relation with its representatives at an affiliate company BOD is that of appurtenant to the superior.
4. The BOD is entitled to change or replace representatives at the Boards of affiliate companies from time to time, as it deems appropriate.

**Article (24)**  
**The General Assembly**

The Company General Assembly comprises of the President of PNA ex officio as representative of the Palestinian people.

**Article (25)**  
**General Assembly Ordinary Meetings**

1. The Ordinary General Assembly convenes in an ordinary session once every year at the invitation of the BOD, provided not more than four months consecutive to the elapse of the Company fiscal year.
2. The agenda of the meeting is attached to the meeting invitation.

**Article (26)**  
**Ordinary General Assembly Scope of Authority**

The authorities of the Ordinary General Assembly are:

1. Deciding on every thing of interest to the Company, and is entered on its annual agenda.
2. Reviewing the BOD report.
3. Reviewing the Auditors report pertaining the Company funds, accounts and budget.
4. Discussing the final accounts and ratifying them.

#### **Article (27)**

##### **The Extraordinary General Assembly Meetings**

1. The General Assembly convenes when ever is necessary in an extraordinary session at its request and/or at the invitation of the BOD.
2. An agenda should be attached to the extended invitation.

#### **Article (28)**

##### **Extraordinary General Assembly Scope of Authority**

The authorities of the Extraordinary General Assembly are:

1. Transferring Company main offices as per recommendations of the BOD.
2. Defeasance and Liquidation of the Company.

#### **Article (29)**

##### **The Consultative Council**

1. The General Assembly may appoint a Consultative Council to the Company that encompasses specialized and experienced persons, and members of the civil society organizations as well as other monitory entities in Palestine.
2. The BOD may seek aid of the Consultative Council at any time it deems appropriate.
3. The Consultative Council may request a meeting with the BOD to review its report pertaining the Company performance when necessary.



**Article (30)**  
**The Company Financial System**

1. The fiscal year of the Company commences on the 1<sup>st</sup> of January and expires on 31<sup>st</sup> of December of every year.
2. All the funds and resources of the Company are deposited either in local or foreign currencies in bank accounts accredited by the BOD.
3. A certain percentage must be deducted monthly to cover all dues or payables in terms of compensations and other financial dues to employees and staff as per the enacted laws, and the Company regulations. All such funds are deposited in a special bank account or more, and may not be utilized in any way excluding the hereinabove recitals.
4. The BOD prepares the general budget at the end of each fiscal year and the profit/loss account, closing financial statements, a report on the Company activities, and its financial position for review by the Company General Assembly.

**Article (31)**  
**Profitability**

1. The amount of 10% must be deducted every year from net profits and is allocated to the compulsory reserve account. Such deductions may not be suspended before the toll of accumulating funds in this account reach the equivalent of quarter of the Company capital.
2. The Company net profits, following the above deductions, are utilized in implementing, enhancing, and supporting the economic development plans, the Company investment projects which benefits are awarded to the Palestinian people.
3. Parts of the profits may be released to a shareholder as per the written request of the President of PNA ex officio as representative of the Palestinian people.

**Article (32)**  
**Accounts Audit**

1. At the recommendation of the BOD, The General Assembly appoints one or more certified auditors, whether from Palestine or other country, for a period of one year can be renewable,.
2. The Auditors should undertake auditing all the accounts of the Company and ensure regulation of all books and accounts according to the standard procedures, and to ensure if the Company budget and accounts were organized in a manner that explains the true financial position of the Company.
3. The Auditors are entitled to review all the Company records, accounts, documents, fund, and to request from the BOD to provide them with all necessary information to carry out their duties.
4. The Auditors shall draft a written report and submit it to the General Assembly pertaining the Company, budget, and accounts provided by the BOD, and whether the annual budget must be ratified or returned to the BOD to undertake the necessary measures as per the reservations and notes of the auditors.
5. If the Auditors note irregularities in breach of the law or the company Articles, such irregularities must be communicated immediately to the BOD Chairman in writing. Any delays are subject to accountability.
6. If the Auditors Report was not read at the General Assembly meeting nor presented, the General Assembly decision to ratify the accounts shall be considered void.
7. The information viewed by Auditors is therein considered confidential, and may not be revealed to others excluding the Companies Controller.

**Article (33)**  
**Company Expiry & Liquidation**

The Company expires and thereto liquidated in the hereunder cases:

1. Expiry of the purpose and objective for which it was established.

2. Amortization of all or parts of the Company capital.
3. By decision from the Extraordinary General Assembly, and effectively a Presidential decree is issued deciding and regulating the Company liquidation.

#### **Article (34)** **Appointing a Liquidator**

One or more liquidators are appointed to undertake all liquidation procedures as per the Presidential decree stipulating the Company liquidation. The decree shall prescribe all the procedures to be enforced upon liquidation, particularly in relation to the Company financial notes portfolio and its contents of shares, bonds, or financial assets in addition to the cash ensuing from liquidation procedures, and the party entitled to receive such funds.

#### **Article (35)** **Company under Liquidation**

1. The Company maintains its incorporeity status and legal presence during the liquidation period as much as necessary, only for purposes of liquidation.
2. The Company formation shall remain existent during the liquidation period as much as necessary to undertake all businesses that do not contradict undertakings of the liquidator, or such businesses approved by the liquidator.
3. The term "Under Liquidation" shall be added to the Company throughout the term of the liquidation procedures.

#### **Article (36)** **Liquidator Scope of Authority**

The liquidator shall assume the hereunder authorities pertaining the Company liquidation:

1. Seizure of all the Company assets, rights, transferable and In Rem funds.



2. All revenues accumulating from liquidation procedures are thereto totaled as per the priorities prescribed in law. The surplus shall be converted into developmental projects in Palestine as prescribed by the President of PNA.

**Article (39)**  
**Amending the System**

The herein Articles may be amended as per a resolution issued by the BOD, which should be ratified by the President of PNA.

**Article (40)**  
**Cancellations**

The issued Articles of Association of the Palestine Investment Fund and recited in the Presidential decree on 14/08/2002 are thereafter cancelled.

**Article (41)**

All the concerned authorities, each in its own capacity, shall implement provisions of the herein law, which shall come into effect as of the day of publication thereof.

**Issued in Ramallah on 27/01/2007**

**Mahmoud Abbas**  
**Chairman of Executive Committee the Palestinian**  
**Liberation Organization**  
**President of the Palestine National Authority**